GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:285
ANSWERED ON:10.08.2001
BANK LOANS FOR FILM INDUSTRY
SATYAVRAT CHATURVEDI;SUNDER LAL TIWARI

Will the Minister of FINANCE be pleased to state:

(a) Whether Reserve Bank of India has recently drawn broad guidelines forfilm financing suggesting commercial banks to provide finance to projects, where the total cost of production is below Rs.10 crores.

(b) if so, the details thereof;

(c) the other suggestions made by the RBI on the film industry;

(d) the names of the banks/FIs which have come forward for providing loan to film industry;

(e) to what extent it is likely to reduce the influence of underworld on film industry; and

(f) the arrangements made to ensure that the loan provided by the banks should not turn into a bad debt?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) to (f): A Statement is laid on the Table of the House.

(a), (b) & (c): Reserve Bank of India (RBI) has issued guidelines forfinancing Film Production to all commercial Banks on 14.5.2001. A copy of the guidelines is attached as Annexure.

(d): Similarly, the Joint Institutional Committee constituted by theIDBI have also framed guidelines for financing of Film Industry.These guidelines have also been circulated to financial institutions for implementation. Most of the Banks/FIs are in the process ofadopting the guidelines for implementation after due approval of their respective Boards.

(e): The schemes formulated by RBI/IDBI are expected to enableextension of institutionalized credit to the Film Industry. Further, against the prevailing high cost of funds from informal channels, the institutional credit to the Industry is expected to reduce the cost of funds in film production activity.

(f): The guidelines for financing Film Industry have taken intoaccount the high risk involved in funding this Industry and the schemes have built in safeguards regarding security of advances to this sector as well as appropriate mechanism for follow up and monitoring.